

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF INDIANA
HAMMOND DIVISION

IN RE:)
)
BOZIDAR KONTIC and) CASE NO. 09-25530 JPK
DRAGANA KONTIC,) Chapter 13
)
Debtors.)

ORDER REGARDING MOTION FOR SUBSTITUTION
OF COLLATERAL ("MOTION")

The Motion was filed by the debtors on January 18, 2011. An appropriate form of "drop dead" notice was provided to America Honda Finance, and no response or objection to the Motion was filed by that entity. However, no notice of the Motion was provided to Omni Insurance. The Motion requests an order directing Omni Insurance to pay the proceeds of the loss to the Chapter 13 Trustee rather than to American Honda Finance. This order may place Omni Insurance in a difficult position if it has an independent obligation under the policy of insurance to pay proceeds of loss to the secured creditor. The court is unwilling to enter an order which requires payment of insurance proceeds to the Chapter 13 Trustee unless the insurer has been notified of the motion and has expressed no objection to that arrangement.

IT IS ORDERED that the court will take no action with respect to the foregoing Motion until notice of it in the manner provided by N.D.Ind.L.B.R. B-2002-2 of 21 days is provided to Omni Insurance, and the form of notice utilized and a certificate of service evidencing that notice was appropriately provided to the insurer has been filed with the court.

Dated at Hammond, Indiana on March 17, 2011.

/s/ J. Philip Klingeberger
J. Philip Klingeberger, Judge
United States Bankruptcy Court

Distribution:
Debtors, Attorney for Debtors, Trustee, US Trustee